CORPORATE SOCIAL RESPONSITBILTY ACTIVITIES OF TOP SELECTED LISTED COMPANIES.

A

RESEARCH PROPOSAL

SUBMITTED TO THE

SWAMI RAMANAND TEERTH MARATHWADA UNIVERSITY,

NANDED.

FOR AWARD OF THE

DEGREE OF DOCTOR OF PHILOSHOPY IN

COMMERCE

UNDER THE FACULTY OF COMMERCE

BY

KIRAN S. TEMKAR

UNDER THE GUIDANCE OF

DR. MRS. VANI NIKHIL LATURKAR
DIRECTOR AND PROFESSOR
SCHOOL OF COMMERCE AND MANAGEMENT SCIENCES AND A. DEAN, FACULTY OF COMMERCE AND MANAGEMENT STUDIES,
INSTITUTIONAL DIRECTOR-NAAC AND IQAC
SWAMI RAMANAND TEERTH MARATHWADA UNIVERSITY
NANDED.

Introduction

Over the past few years CSR, as a concept, has been the focus of many discussions and research. It has grown in importance both academically as well as in the business sense. It captures a range of values and criteria for measuring a company's involvement to social development. As the term "CSR" is used frequently, many corresponding and overlapping concepts, such as corporate citizenship, business ethics, stakeholder, management and sustainability have emerged.

Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives ("Triple-Bottom-Line-Approach"), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that.

In other words, CSR refers to ensuring the achievement of the business by addition of social and environmental considerations into a company's operations. It means fulfilling shareholders' and customers' demands while also managing the expectation of other stakeholders such as employees, suppliers and the community at large. It also means contributing positively to society and managing organization's environmental impact. Hence, CSR is an involvement to sustainable development, implying the way a company balances its economic, environmental and social objectives while addressing stakeholder expectations and enhancing shareholder value. CSR not only includes the activities that a company undertakes in order to consume their profit to facilitate social and environment development, but also includes the methods that a company employs in order to earn these earnings including socially responsible investments, and transparency to various stakeholders among others. Realizing the significance and the long term advantage of being socially responsible many companies have integrated socially responsible business practices. The basic purpose of CSR is to maximize the company's overall impact on the society and stakeholders while considering environment and overall sustainability.

There are a number of reasons why organizations' invest in socially responsible activities. Organizations may engage in CSR activities because of altruistic intentions, positive effect on employee motivation, retention and recruitment or customer-related motivations, etc. No matter for what reasons organizations invest in CSR, all reasons lead to better corporate reputation.

Definitions of CSR

Different definitions given for CSR in the dictionaries as well as in books have been examined:

- The Prince of Wales Business Leaders Forum[7]"Open and transparent business practices that are based upon ethical values and respect for employees, communities and the environment designed to deliver sustainable value to society at large, as well as to shareholders."
- The World Business Council for Sustainable Development (WBCSD)[8] "the commitment of business to contribute to sustainable economic development"
- Daniel Bell[9] "Corporate Social Responsibility is the capacity of building sustainable livelihoods. It respects cultural differences and finds business opportunities in building skills of the employees, the community and the government. More precisely, CSR is giving back to society what it gets from it. It is the concept that an enterprise is accountable for its impact on the stakeholders."
- World Bank[10] "Corporate social responsibility is at heart a process of managing the costs and benefits of business activity to both internal and external stakeholders. Setting the boundaries for how those costs and benefits are managed is partly a question of public governance."

CSR under the Companies Act, 2013

Under the Companies Act, 2013 any company having a net worth of rupees 500 crore or more or a turnover of rupees 1,000 crore or more or a net profit of rupees 5 crore or more has to spend at least 2% of last 3 years average net profits on CSR activities as specified in Schedule VII of the Companies Act, 2013 and as amended from time to time. The rules came into effect from 1 April 2014.

SEBI, as per its notification on August 13, 2012 has mentioned that enterprises are responsible to the larger society and "adoption of responsible business practices in the interest

of the social set-up and the environment are as vital as their financial and operational performance". SEBI has mandated the inclusion of Business Responsibility Reports as part of the annual reports of the Top 100 listed entities based on market capitalization at BSE and NSE. It is mandatory to make these reports available on the website of the company. In 2016, SEBI extended this requirement to the Top 500 listed companies.

The CSR Committee constituted in pursuance of Section 135 of the Companies Act, 2013 shall be required to carry out the following activities[21]:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- Monitor the Corporate Social Responsibility Policy of the company from time to time.

A Short History of CSR

The concept of Corporate Social Responsibility was first mentioned in 1953 in the publication 'Social Responsibilities of the Businessman' by William J. Bowen. However, the term CSR only became popular in the 1990s, when the German company Betapharm, a generic pharmaceutical company, decided to implement CSR. The generic drug market is characterised by an interchange ability of products. In 1997 a halt in sales growth led the company to the realisation that in the generic drugs market, companies could not differentiate on price or quality. This was the prelude for the company to adopt CSR as an expression of the company's values and as a part of its corporate strategies. Betapharm began by introducing programmes that allowed sick children to play with animals and take pony rides and they later launched a school-based programme teaching kids healthy ways to express their feelings. Through these programmes, Betapharm engaged with the community - and gave themselves a strategic advantage in the marketplace.

In July 2001, the European Commission decided to launch a consultative paper on Corporate Social Responsibility with the title "Promoting a European Framework for Corporate Social Responsibility". This paper aimed to launch a debate on how the European Union could promote Corporate Social Responsibility at both the European and international level.

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Review

1. Eshra N. and Beshir N. (2017)[1] investigated the awareness of Egyptian consumers of CSR and whether they are taking into consideration CSR activities when they are taking buying decisions or not. Findings indicate that it is a good understanding of CSR in the Egyptian society. They also found that Egyptian consumers seem to view CSR differently from other countries. Philanthropic responsibility is the basic element of CSR from the Egyptian consumer point of view. As shown in the results, all CSR elements have insignificant relation to consumer behavior. Moreover, this study shows that CSR has a significant impact on consumer response; it has also indicated that philanthropic and economic responsibilities have insignificant relation with consumer buying behavior. Moreover, this study found that there is an insignificant relation between consumer buying behavior and CSR elements, which means that Egyptian consumers do not think about any of the CSR elements when they take their buying decision. Due to the low level of income Egyptians do not consider elements of CSR, but they only consider prices concerning purchasing decisions.

2. Dlamini B. (2016)[2] found that there is no causal relationship between Corporate Social Responsibility and profitability and CSR has no significant impact on profitability. Zimbabwe has no Corporate Social Responsibility policy; entities are involved on a voluntary basis as a marketing strategy and there is a need for a policy to be formulated and enforced to ensure that entities operate ethically. They concluded that Corporate Social Responsibility has no impact on profitability in the telecommunication industry in Zimbabwe, but previous year profits improve the CSR expenditure. The study recommends that CSR be compulsory for all companies and there is a need for entities to disclose the corporate social responsibility involvement cost. CSR should not be viewed as voluntary undertaking but to be compulsory for all entities and formulation and enforce a policy to ensure that firms act in ethical and socially responsible manner to all stakeholders. Future studies should continue to explore an understanding of the motivation behind being involved on CSR and the impact of such initiatives on financial performance in the telecommunication industry and other sectors.

3. Nidhi (2016)[3] studied about the Corporate Social Responsibilities of the banking industry in India. They studied different efforts of HDFC Bank for CSR activities. They concluded that these days the banking industry in India is giving due importance

to the Social Responsibility and they try to cater all the important areas to be focused like health, education, sanitation, etc. In a nutshell, it can be said that the state of mind of the Indian entrepreneurs towards CSR is changing due to tough competition in an international level. Conclusively, there are three suggestive measures which are advisable for a better CSR in these banks. First is to enhance and accelerate government's involvement in CSR activities, Second can be noted as development of a broad sector of the consulting in the era of CSR, and lastly media should increase its interest and play a vital role in the era of CSR.

4. Singh P.K. and Mishra A.K. (2016)[4] analysed to what extent CSR practices of Indian coal mining industry contribute to sustainable development. The analysis is based on prevalent CSR practices of the industry as well as on businesses motivations regarding environmental and social investments in the light of legislations and international expectations; that mean what responsibilities the industry should bear in order to achieve sustainable development goals on its part and how far it has gone through its CSR initiatives. The analysis revealed that the CSR initiatives could cause very limited outcome in spite of substantial expenditure of money and efforts by the industry. Most of the initiatives undertaken were short-term mitigation of business impacts. The paper recommends integration of CSR measures in core business operations of the industry and conducting standard measurement practice for need assessment before undertaking CSR activity as well as periodical impact assessment to align CSR activities with sustainable development goals.

5. Mocan M. et al (2015)[5] explored how the corporate social responsibility (CSR) contributes to value creation in the banking industry, and during periods of financial instability. This research can help bank managers to understand what activities to do in the benefit of customers and the community, in order to move towards a sustainable directive. They concluded that in the current economic situation in Romania, CSR is considered an actual instrument even in the banking industry. There are a number of benefits provided for the banking institutions performing CSR, including: economic efficiency, improved company reputation, employee loyalty, communication between the banking industry and society, attracting new opportunities and increase organizational commitment.

6. Petkeviciene M.S. (2015)[6] analysed corporate social responsibility in relation to corporate reputation building and management. It provides theoretical analysis of

reasons for corporate social responsibility and main practices of corporate social responsibility in relation to building good corporate reputation. The results of this paper show that CSR has become one of the most important drivers of corporate reputation. Research shows that organizations of all types and sizes may strengthen their corporate reputation by engaging in CSR activities. As a result, CSR has become one of the most important business cases for top managers of organizations in respect of corporate reputation building. Nowadays the loss of corporate reputation is seen as a significant factor in encouraging organizations to make investments in CSR. It has been found that a key aspect of corporate reputation is stakeholder groups' perceptions of organization's CSR as CSR and corporate reputation are positively correlated. If stakeholder groups become aware of CSR activities undertaken by the organization, they assure that the organization will maintain or improve its corporate reputation. However, it should be noted that CSR is a heterogeneous construct and when broken down into qualitative areas, each of its dimensions affect corporate reputation differently.

7. Sarkar J. and Sarkar S. (2015)[7] concluded that the new CSR provisions in India are not a case of government abrogating its responsibility to the private sector. The estimated annual amount of CSR spending by corporate judged in context of total social sector spending by the government is just around two per cent of what listed companies would have spent after applying the criteria under Section 135. Rather, the new CSR provisions should be looked at as an effort by the government to make the corporate sector play a complementary role in meeting the broader society goal of encompassing development. Under the new CSR rules, the flexibility given to the companies in choosing and monitoring the projects is likely to promote efficiency and effectiveness in project implementation without the CSR Rules coming into serious conflicts with the primary objective of shareholder value maximization of companies. Social and economic incentives seem to have been well balanced in the new CSR rules and one can hope that the corporate sector will willingly lend a helping hand to the government in contributing to the inclusive growth of the nation.

8. Singh A.P. and Paithankar S. (2015)[8] analyzed the effects of Corporate Social Responsibility activities on Employee Motivation and on Employee Engagement. With a majority of respondents stating that there is a positive impact of CSR Activities on Employees attitude towards the organization. Further the result also

shows a positively strong relation of the effect of CSR Activities on employee commitment thus accepting. The result found that a strong correlation between the number of CSR Activities an employee participates and the duration of his tenure in the organization. The existence of CSR in a company is very important as it plays a very vital part in employee engagement. The results also concludes stating that CSR is very important for the overall growth and employee motivation of any organization and companies must engage in CSR activities if they want to satisfy employees and keep them motivated towards organizational commitment.

9. Anees M. (2012)[9] revealed that the CSR initiatives are independent of all the companies' profitability level, their ownership status and the type of their business activities i.e., service or manufacturing. Majority of companies are those which are at moderate or low level of CSR initiatives, belong to the private sector, ae from manufacturing industry and have a level of profitability below Rs. 5000 crores.

10. Sharma A. and Kiran R. (2012)[10] depicted that IT and Auto industry is more going for taking up CSR initiatives while FMCG sector has focused yet not too much into the social responsibility initiatives. Although India has entered or taken a transformational change by involving into new CSR initiatives, but still a lot has to be done in this area. They concluded that firms have been doing great effort for the achievement of business goals and marring the business goals with social responsibility practices. As per the changing market demands need of the hour is for the development of CSR framework that has been imposed by the government.

11. Stancu A., Grigore G.F. and Rosca M.I. (2011)[11] studied that how the employees perceive the CSR activities developed by their employer and what is their attitude towards CSR activities. The findings of the study show that in majority of respondents consider that respecting the employees` rights, fair wages and safety at work are the most prevalent dimensions in the image of a responsible employer. Further they revealed that women are more likely to engage in CSR activities compared to men. They also found that the most of employees are aware of the CSR activities of their employer, but fewer are actually involved in these activities.

12. Bhamare D, and Patil A.[12] revealed that after the enactment of the Companies Act-2013, it is estimated that approximately 2,500 companies have come in the domain of mandated CSR; the budget could touch approximately INR 15,000 crores. It is very likely that the new legislation will be a game-changer, infusing new investments,

strategic efforts and accountability in the way CSR is being conceived and managed in India. It has opened new opportunities for all stakeholders (including the corporate sector, government, not-for-profit organisations and the community at large) to devise innovative ways to contribute to equitable social and economic development. Currently, CSR in India is headed in a optimistic direction as there already exists a multitude of enabling organizations and regulatory bodies such as the Department of Public Enterprises (DPE), Ministry of Corporate Affairs (MCA), and Indian Institute of Corporate Affairs (IICA). These institutions have already set the wheels in motion and are playing an important role in making CSR a widespread practice and in ensuring success in reducing inequalities without risking business growth.

Research Gap

To survive today's competition; business organizations must not only take care of the quality of life of their employees and their families, but also take care of their community and society at large. Corporations give more attention to their social responsibility through their four dimensions, economic, legal, ethical, and philanthropic. Many studies have been conducted in CSR taking into consideration corporations' point of view; however, limited studies considered CSR activities in listed companies in India. This study will enhance the literature about the theory of companies' perception of CSR and its impact on society. This study will apply the impact of CSR activities in listed and its impact on society

Objectives of Study

The proposed research work is to meet the following objectives:

1. To undertake an in depth study of CSR activities and its impact on society.
2. To identify the trends of companies CSR expenditure on various CSR activities.
3. To compare CSR expenditure with legal requirements of selected Companies.
4. To study about awareness amongst the beneficiary regarding CSR activities of companies.
5. To put suggestions to companies regarding betterment of use of CSR expenditure for society.

Hypothesis

The proposed research work is to meet the following Hypotheses:

Hypothesis 1:

H0: CSR implementing Agencies has no role for influences the decision of CSR expenditure of Selected Companies.

H1: CSR implementing Agencies has role for influences the decision of CSR expenditure of Selected Companies.

Hypothesis 2:

H0: Trend indicator of CSR expenditure is not over and above pre –requisite criteria.

H1: Trend indicator of CSR expenditure is over and above pre –requisite criteria.

Hypothesis 3:

H0: The level of awareness amongst beneficiary is uncertain.

H1: The level of awareness amongst beneficiary is certain.

Research Methodology

Various aspects of proposed methodology of research as follows:

I. **Scope of Study**

The main focus of the present study is to find out the CSR activities in listed companies and its impact on society. This study shall covers impact of CSR activities on various beneficiaries of society and it is also covers that companies legal requirements for CSR activities and benefits for companies.

II. **Geographical Area**

This study covers selected listed companies of BSE. Further this study will also include opinion survey on CSR activities whose impact on society. For this purpose, questionnaire will fill from Mumbai city of Maharashtra.

III. **Data collection**

1. For the collection of primary data questionnaire (on-line and off-line) and schedule based interviews will be use.
2. For the collection of secondary data annual reports of selected companies will be used.

IV. **Sampling**

The sample for opinion survey shall be random. The total sample size will be around 300 respondents. But also every effort shall be made to keep the sample size as large as is

feasible within the available time. Questionnaire will fill by the beneficiary of CSR activities in Mumbai city of Maharashtra.

Research Universe of secondary data will be top 100 Companies by Market Capitalisation on BSE as on 19-3-2018 on BSE website. Out of which the data will be collected from 25 companies using Simple Random Techniques.

Data will collect from the websites of the companies, Board of Directors report, Annual financial Statements.

V. **Data Analysis**

An opinion based survey will be done via means of questionnaire having variety of questions; the opinion then will be tested by using statistical techniques like percentage method, Z-test, chi-square test, and analysis of variance (ANOVA). Further, suitable techniques will be used to draw and derive conclusions from the data so collected.

To carry out the objectives of this study following tools and techniques are proposed to be employed

I. Descriptive Statistics
II. Significant Tests (Z, t, ANOVA etc.)
III. A popular and appropriate statistical method will be adopted for achieving the objectives of the study and to find out the relevance of hypothesis.

Facilities available for the work:

All facilities are available at:

(i) Library, e-library, INFLIBNET
(ii) University Internet Centre
(iii) Wi-Fi network in campus

Tentative Chapter Scheme:

Chapter 1 Introduction:

In this chapter, introduction of the CSR will be provided. It will help in understanding the Concepts and importance of CSR. It is also a discussion of the characteristics, need and other theoretical aspect of CSR activities.

Chapter 2 Review of Literature and Research Methodology

This chapter will consist of the literature survey, which is available, up to date. It will also cover up the research methodology to be used in this research. The research objectives,

general statements of hypotheses, sampling methods, collection of data, tools used for analysis of data etc. will be explained.

Chapter 3 CSR Activities in Companies

This chapter will consist of the various types of CSR activities of listed companies in India. This chapter will also main focus on Environment based CSR, Community based CSR, Human Resource based CSR, and Charity based CSR**.**

Chapter 4 Data Analysis

This chapter will provides information on analysis of primary data collected by researcher.

Chapter 5 Summary of Findings & Suggestions:

In this chapter summary of the findings, comparison between literature and regulatory requirements, contribution of this study will be provided. Limitations of the study, implication for research and practice, recommendations of the study and ideas for future research will also be presented.

Limitations of the Study

The present study is constrained by time, cost and physical limitations of the researchers. The universe for the present study is restricted to Mumbai region again the perception of respondents towards CSR impact on society may differ according to their personal experiences and achievements. Thus, the findings and results of the study will be based on the responses sought from the sample under study.

Researcher has a limited time and limited resources but every effort will be put by researcher to complete this research in fair views. Limitations of the study will be discussed after the completed this research work.

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